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# BRAND OR BARGAIN

– How brands affect consumer decisions



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## BRAND OR BARGAIN -HOW BRANDS AFFECT CONSUMER DECISIONS

The objective of this study is to find out the importance of brands and branding on consumer behavior and research the decision-making process of the consumer. As brands and branding are visible everywhere today and companies consider them as an important factor separating them from competitors and giving them competitive advantage, it is interesting to see how consumers perceive them.

In the first chapter of this thesis a short introduction to the research topic is given and the research questions are refined. The Second chapter concentrates on branding and a few theories in that field are presented to the reader. The next part defines consumer decision-making process and different factors affecting on individuals' consumer behavior, such as demographics, lifestyles and psychological and social factors. Secondary data collected from books, journals and online sources are used as reference in these chapters.

Primary data was collected through an online survey and the results of this research are presented in the fifth chapter. The online questionnaire was created in order to find out about people's consuming habits, factors affecting their choices and whether brands affect their choices or not. The data collected is analyzed with the help of figures drawn from the results of the survey.

In the conclusion part, research findings and theory are analyzed together and important themes are pointed out. Validity of the research and implications for further academic research are presented.

### KEYWORDS:

Brands, consumer behavior, buying behavior, consumer decision process

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## BRÄNDI VAI LÖYTÖ – MITEN BRÄNDIT VAIKUTTAVAT KULUTUSPÄÄTÖKSIIN

Tämän tutkimuksen tavoitteena on selvittää brändien merkitys kulutuskäyttäytymisessä ja tutkia miten kuluttajien ostopäätökset syntyvät. Koska brändit ovat tänä päivänä näkyvillä kaikkialla ja ne ovat yrityksille tärkeä osa heidän kilpailukykyään sekä auttavat heitä erottautumaan kilpailijoista, on mielenkiintoista nähdä miten kuluttajat kokevat brändit.

Tämän opinnäytetyön ensimmäinen kappale on lyhyt johdatus tutkimuksen aiheeseen ja lisäksi tutkimuskysymykset esitetään. Toinen kappale keskittyy brändäykseen ja lukijalle esitellään muutama aihealueen teoria. Seuraavassa osassa määritellään kuluttajan ostoprosessi sekä erinäiset tekijät, jotka voivat vaikuttaa yksilön kulutuskäyttäytymiseen yhdessä mm. elämäntyylin kanssa, kuten demografiset, sosiaaliset sekä psykologiset tekijät. Lähteenä näissä kappaleissa on käytetty kirjoja, lehtiä sekä verkkolähteitä.

Tutkimustietoa kerättiin myös nettikyselyn avulla, josta saadut tulokset esitellään viidennessä kappaleessa. Nettikysely luotiin, jotta saataisiin tietoa yksilöiden kulutustottumuksista ja asioista, jotka niihin vaikuttavat, sekä saataisiin selville mikäli brändit vaikuttavat kuluttajien valintoihin vai ei. Kerätyn tutkimustiedon vastausten analysoinnin avuksi tulokset on koottu taulukoihin.

Lopuksi esitetään johtopäätös, jossa tutkimustuloksia verrataan olemassa olevaan teoriaan ja tärkeitä teemoja nostetaan esiin. Lisäksi tutkimuksen paikkansapitävyys arvioidaan sekä esitetään ideoita akateemiseen jatkotutkimukseen.

### ASIASANAT:

brändit, ostokäyttäytyminen, kulutuskäyttäytyminen, kuluttajan ostopäätökset

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# 1 INTRODUCTION

Nowadays brands are visible everywhere in our daily lives; branding has become so strong that hardly anything goes unbranded, even fruits and vegetables like Chiquita bananas are branded. But brands are more than just names and symbols. Brands represent consumers' perceptions and feelings about a product and its performance – everything that the product or service means to consumers. Thus brands exist in the minds of consumers. (Kotler & Armstrong 2006, 243-249)

Branding as a marketing term first appeared in the USA in the late 1800's. Back then the term mainly referred to the packaging and advertising (Sounio 2010, 25-26), not so much to the whole product or personality that brands have these days. It was only in the 1980's when marketing gurus started talking about the brand equity and identity; branding became a popular subject in the field of marketing. (Sounio 2010, 25-26)

## 1.1 History of brand

According to Oxford Dictionaries (oxforddictionaries.com n.d.) "brand" as a word can mean a mark made by burning to indicate ownership; cowboys in 1700's used to burn a mark to their cattle to identify their own animals from the others. Later the word brand was used for the mark put on criminals with a hot iron, so they could be easily separated from the regular citizens. There is however brands that go even farther than that, even though they were not called brands at that time; old pottery dated back to the Roman Empire has been found which have old labels of winemakers on them to help to identify the winemakers' products. (Laakso 2003, 41; Sounio 2010, 25-26.)

## 1.2 Brands today

“A product is something that is made in a factory; a brand is something that is bought by a consumer.” –Stephen King, 1990

A brand is a name, term, sign, symbol, or design, or a combination of these intended to identify the goods or services of one seller group or group of sellers and to differentiate them from those of competitors (Kotler & Armstrong 2006, 243). A brand has an existence that is more than an actual product or service: it has a life of its own that feeds on the original product (Randall 2000, 4). Brands can exist in any field, but probably the most well-known brands, and the ones people first think about when discussing brands, are the ones people face every day in their lives; Coca-Cola, Microsoft, McDonalds and the likes. Brand critic Klein describes the overflow of brands and chain stores in her book *No Logo* (2001, 131) as follows: “The Kinko’s, Starbucks and Blockbuster clerks buy their khakis and white or blue shirts at the Gap; ‘Hi, welcome to Gap!’ greeting cheer is fueled by Starbucks double espressos; the résumés that got them the jobs were designed at Kinko’s on friendly Macs, in 12-point Helvetica on Microsoft Word. The troops show up to work smelling like CK One, --, their faces freshly scrubbed with Body Shop Blue Corn Mask, before leaving their apartments furnished with Ikea self-assembled bookcases and coffee tables.” This quite well describes the current state of brands and branding, it is everywhere indeed.

Legally speaking a brand is a symbol which distinguishes a company’s product and certifies its origin and thus only obtains its value through registration. In a broader sense the value of a brand comes from its ability to gain exclusive, positive and prominent meaning in the minds of consumers. It is not just the logo the customer will see sewn into a piece of clothing; it is all the different things that the buyer thinks as soon as he sees the symbol. (Kapferer 1998, 25)

## 1.3 Motivation for this study

I have always been interested in branding and curious about how successful brands are built, what kind of value they can bring to a company or to an individual consumer and why we as consumers might be drawn to a certain

brand and prefer that over another similar one. As a consumer myself and also having worked in retail and customer service I find it interesting how consumers make their buying decisions and what the main deciding factors are in their minds. I have noticed that in these kinds of decisions brands often play a big role and consumers tend to choose products and brands they are familiar with or that have certain added value to them just by having that brand logo on the product. Thus the motivation for choosing this topic for my thesis is my personal interest in this area. I have been thinking that in the future I would like to work in the field of brand management and marketing, preferably in the fashion and textile industry and therefore the focus of this study will also be in that field.

#### 1.4 Research objectives

What I would like to find out by writing this thesis are answers to questions such as what is the added value that a brand can give to a consumer? For example why is it important for some people to have clothes of a certain brand or a certain mobile phone? What are the motivations behind purchasing decisions when considering branded products? Are the brands really important to consumers or not and maybe to better understand my own purchasing behavior as well.

##### 1.4.1 Research questions

**Q1.** How do brands affect the consumer decision process?

**Q2.** What are the most important factors influencing on a purchasing decision when choosing between different durable goods or products such as clothes or electronics?

**Q3.** What is the value that brands give to consumers?

In the next chapter of this study I will first try to explain the basics of branding, brand equity, brand identity and what kinds of value brands have in the minds of the consumers. The third chapter will concentrate on the consumer buying decision process and the various factors that can have an effect on consumer



behavior. The fourth chapter introduces the methodology used in this study and the fifth chapter covers the results of the survey which was created to find out people's thought about consuming and brands. This study ends with a conclusion chapter where the main points of this study are discussed and theory and survey findings are compared.

## 2 BRANDING

Since the 1980's many authors have contributed their own views on what branding is today. What is common to them is that they all see it as an important part of a marketing mix and that a strong brand is a valuable asset for a company. For starters, the concept of brand equity is looked at in more detail in order to get an idea of what kind of value brands can bring to a company.

### 2.1 Brand Equity

When talking about the value of brands to companies, the phrase *brand equity* is often used. The phrase is used in varying ways and different authors have their own definitions for what it actually stands for. According to Kotler and Armstrong, brand equity can be described as “the positive differential effect that knowing the brand name has on customer response to the product or service” (Kotler & Armstrong 2006, 249). Simply put it means that a customer is willing to pay extra for a brand of his choice than the competing brand; for example a loyal Coca Cola drinker will pay extra to purchase Coke rather than choosing a cheaper option. A brand with strong brand equity is therefore a very valuable asset. The concept of brand equity however is not simple and various authors have tried to define it according to their views.

One of the most well-known author on the subject of branding, Aaker (1996, 7), defines brand equity as follows: “Brand equity is a set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers.” These assets can be then divided to the following main categories:

1. Brand name awareness
2. Brand loyalty
3. Perceived quality
4. Brand associations
5. Other proprietary brand assets (Aaker 1996, 7-9)

In this model, sometimes referred to as the Aaker's model of brand equity, brand equity is seen as a set of assets and by enhancing these assets it will generate value for customer and also to the firm.

### 2.1.1 Brand awareness

Brand awareness simply refers to the strength of a brand's presence in the consumers mind, i.e. is the consumer familiar with the brand? Do they recognize and recall it for example when asked if they have been exposed to that brand or if they are asked what brands of a certain product class they can recall? Familiar/recognized brands have an edge when making decisions between products. Research in psychology has shown that recognition can result in more positive feelings toward nearly anything, whether it is music or brands. Aaker points out that sometimes when consumers see a brand that they have seen many times before, they realize that the company is spending money to support the brand; hence they assume the brand is good since they believe companies will not spend money on bad products. (Aaker 1996, 10-11) Brand awareness is present in everyone's buying decisions; a consumer is more likely to purchase a product he is familiar with than to try a brand he has never heard of.

### 2.1.2 Brand loyalty

It can be argued that a brand's value to the firm is largely created by its loyal customers. Also loyal customers facilitate setting up different loyalty programs which then again helps companies enhance their brand equity. Brands without a loyal customer base can be more vulnerable. Also by having a vast pool of loyal customers companies can save on marketing costs; retaining customers is much less costly than attracting new ones. It also creates an entry barrier to competitors because they would need to put significant resources into use in order to attract the customers to change loyalties. Nowadays many companies and almost every market chain have their own customer loyalty programs to help to build brand loyalty (Aaker 1996, 21-23). It is not uncommon that a

customer returns to the same store over and over again to make his purchases, this can be true in many cases; groceries, clothing and electronics for example. Loyal customers will always first check their usual store when searching for a certain product and only after that they will try to find the product from other stores.

### 2.1.3 Perceived quality

From the five brand assets presented by Aaker, only perceived quality has been shown to drive financial performance; he points out three studies in his book that have shown that perceived quality is an important contributor to a company's return on investment (ROI) and that perceived quality does drive financial performance (1996, 17). Perceived quality is in key position for companies when it comes to differentiation and brand positioning; some brands are price brands and others are more prestige or premium brands, perceived quality position is often the defining point in differentiation. Perceived quality is in the heart of what customers are buying and a measure of the impact of brand identity, however perceived quality can differ from the actual quality. One example of this is when a customer is influenced by the previous image of maybe a poor quality and then does not believe new claims about the product. Also customers may not have the aims to best judge quality and then concentrate on wrong cues about the quality; e.g. price, which does not always tell the truth about a product. (Aaker 1996, 17-20) For example all clothing chains have different perceived quality attached to them. People expect more from an expensive brand than from a cheaper competitor. For example when a consumer buys a T-shirt from H&M he might be pleasantly surprised if it turns out to be a really good quality since he was not expecting to get such quality for the price he paid. On the other hand if he buys a more expensive T-shirt from for example Tommy Hilfiger he expects it to be good quality since the perceived quality of the brand is higher than H&M's.

#### 2.1.4 Brand associations

Aaker argues that brand equity is supported in great part by the associations that consumers make with a brand; these might include product attributes, a celebrity spokesperson or a particular symbol. These brand associations are driven by the brand identity; what the organization wants the brand to stand for in the minds of the customers.

#### 2.1.5 Other proprietary brand assets

These refer to the assets providing competitive advantage to a company; such as channel relationships and patents that are attached to a brand (Aaker 1996, 8). For example technological companies such as Apple and Nokia both have vast patent portfolios that add to their value.

#### 2.1.6 Critique on Aaker's model of brand equity

Not everyone has agreed with Aaker's model and it has been claimed to be complicated. Randall (2000, 23) agrees that the factors listed in the Aaker's model themselves are good things, but that "the difficulty is that there is absolutely no evidence that they are related systematically to brand equity – whatever that is." Randall points out that these factors listed as a part of brand equity can be measured by using market research but that the problem is what to do with them and how are the factors weighted against each other (Randall 2000, 23-24). He also claims that no valid, reliable way of measuring brand equity has yet emerged, meaning that no one method is guaranteed to produce a valid result for a particular case (Randall 2000, 25). However, for example Interbrand, a branding consulting agency, has its own set of criteria on brand valuation and it produces lists of best global brands annually. (Interbrand.com n.d.)

What can be agreed among the different theories and authors is that brands do have value for a company. One thing that seems to be mentioned in every theory is customer loyalty; Kotler (2006, 250) writes that "the fundamental asset

underlying brand equity is *customer equity* – the value of the customer relationships that the brand creates” and then continues “powerful brand is important but what it really represents is a profitable set of loyal customers”. Similar ideas can be seen behind Aaker’s set of brand equity assets that were described earlier in more detail; brand awareness, loyalty and associations, all of them concentrating on the consumer point of view. This can then be linked to the basic idea that brands actually exist in the minds of the consumers.

## 2.2 Brand identity

A brand has a whole identity and personality that the consumer can relate to. Often a consumer has a certain image of a brand’s users in his head and wants to relate to them, be like them and be a part of that same group. When marketing brands and creating the brand identity it can be helpful to think what kind would the brand be as a person? How would it act? Where would it go and with whom? What does it promise? A brand’s personality will be visible in all the aspects of branding. (Bergström & Leppänen 2005, 188) A brand identity provides direction, purpose and meaning for the brand and it is central for a brand’s strategic vision and also for one of the key dimensions of brand equity; associations which are the heart and soul for the brand (Aaker 1996, 68). Brand identity however is not the same as brand image; image is on the receiver side; how certain groups perceive a brand (Kapferer 1998, 94). According to Kapferer (1998, 92), brand identity can be defined by answering the following questions: what is the brand’s particular vision and aim? What makes it different? What need is it fulfilling? What is its permanent nature? What are its values? And, what are the signs which make the brand recognizable?

Aaker (1996, 79) suggests that a firm should consider its brand identity from different perspectives; brand as a product, an organization, a person and a symbol. A similar idea is presented also by Kapferer (1998, 99); he identifies six different attributes in brand identity by using a hexagonal brand identity prism.

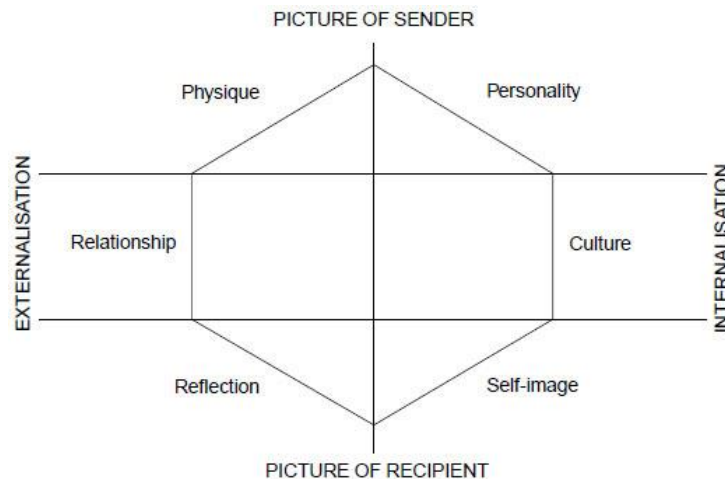


Figure 1 Brand identity prism (Kapferer 1998, 100)

As shown in figure 1 Kapferer's brand identity prism (1998, 100) consists of six (6) different facets that are the (i) brand's physique, (ii) its personality, (iii) its culture, (iv) relationship, (v) reflection and (vi) self-image. It also includes the sender, which is defined by the physique and the personality and the recipient, which is defined with the help of the reflection and self-image facets. Relationship and culture facets bridge the gap between the sender and recipient. The identity prism also includes a vertical division; facets to the left are the social facets which give the brand its outward expression. The facets to the right are those incorporated within the brand itself. (Kapferer 1998; 105-106) In the following the different facets are explained in more detail.

- Physique refers to brand's physical qualities, it defines the brand's physical aspect; what is it concretely, what does it do, and what does it look like. For example for Coca-Cola it is the traditional glass bottle, nowadays mostly found only printed on Coke cans and bottles since nowadays the glass bottle is seldom used.
- Personality facet reminds that brands have a personality of their own, much like humans. By communicating (advertising) the brand builds up its character. The easiest and often used method for building up a personality for a brand is to use a spokesperson (Kapferer 1998, 101);

for example many perfume brands use celebrities and movie stars such as Julia Roberts (Lancôme) or Jude Law (Dior).

- The third facet in Kapferer's prism is the brand's culture. Every brand has its own culture from which every product derives. "The cultural facet refers to the basic principles governing the brand in its outward signs (products and communication). This essential aspect is at the core of the brand." (Kapferer 1998, 101) As an example of the brand's culture Kapferer points out Mercedes, which as a brand embodies German values and Levi's which stands for America.
- The relationship facet refers to the brand as a relationship; brands are at the heart of transactions and exchanges between people, particularly in the service sector and among retailers. For example Nike suggests a relationship based on provocation with its slogan "just do it", it encourages consumer to let loose whereas IBM symbolizes orderliness. (Kapferer 1998, 103)
- A brand is a reflection and it tends to build a reflection or an image of the buyer or user which it seems to be addressing. For example when asked about people's views on certain car brands they tend to answer in terms of the brand's perceived client type; that is a brand for young people or that is a family car etc. However, reflection should not be mixed up with a brand's target since it can cause problems; many adverts continue to show the targeted customers as they are, ignoring the fact that they don't want to be portrayed as such, but rather as they wish to be, what they want to be as a result of purchasing that brand. This is because consumers use brands to build their own identity. (Kapferer 1998, 103-104)
- The last one of the six facets of the brand prism is self-image. A brand speaks to our self-image; it can be seen as the brand's target's own internal mirror. Through our attitude towards certain brands we develop a certain type of inner relationship with ourselves. By buying a certain brand a consumer can identify themselves as a part of that brand, buying



a certain car makes a consumer part of the “club” of the people who own that car. (Kapferer 1998, 104)

Although Kapferer’s brand identity prism presents six factors from which the brand identity is formed and Aaker’s brand identity system relies on four different aspects; brand as a product, an organization, a person and a symbol, both authors point out similar ideas. For example Aaker (1996, 79) also includes country of origin as a part of the brands identity and mentions brand as an organization creating a culture and values for it. Aaker also points out brands having a personality; brand as a person and that it can be a “vehicle for a customer to express his or her own personality”. He also writes that brand personality can be the basis of a relationship between the customer and the brand; the customer can develop a so called friend relationship with a brand, for example Mercedes can be an upscale, admired person (Aaker 1996, 83-84).

### 2.3 Best Global Brands

Since brand equity and brands have such an impact on businesses, companies are focusing on these aspects of their products as well; it is no surprise that successful brands are compared to one another by different attributes. Nowadays big global brands are listed yearly according to their value, power and success. These kinds of listing can be found in financial publications; e.g. Newspapers and magazines. Consultancy company Interbrand, which is concentrated in creating and managing brand value, makes this kind of listing every year. Their list “Best Global Brands” takes into account different aspects of the brands, three key aspects being; the financial performance of the branded products or services, the role of brand in the purchase decision process and the strength of the brand (Interbrand, 2012). The top ten brands in their listing of Best Global Brands 2012 were:

- |              |           |
|--------------|-----------|
| 1. Coca Cola | 3. IBM    |
| 2. Apple     | 4. Google |

- |              |            |
|--------------|------------|
| 5. Microsoft | 8. Intel   |
| 6. GE        | 9. Samsung |
| 7. McDonalds | 10. Toyota |

Coca Cola has stayed on the top for many years but what cannot be unnoticed is the fact that most of the top ten brands are from the technology industry. Especially Apple and Google have risen on this list during past years. Jez Frampton, Global Chief Executive of Interbrand describes the characteristics of the top brands; they “understand the role they play in peoples' lives and respond accordingly — building on successes and making up for mistakes. They are constantly nurturing their brands to keep pace in a rapidly changing world; they know that every market is different, every interaction counts, and every individual matters.”(Interbrand, 2012)

## 2.4 Top brands in Finland

Similar research as the one made globally by Interbrand has been made in Finland as well, although with a bit different criteria. Research on top brands in Finland has been made by Taloustutkimus and Markkinointi & Mainonta – magazine by sending out a questionnaire where people were asked to grade different brands on a scale from four to ten. Ratings on the list were based on the average grade given to the brands and secondly on the percentage of how many would be ready to recommend the brand to others. (Markkinointi & Mainonta 2012; Taloustutkimus.fi 2012) Here is the list of top ten most appreciated brands in Finland in 2012:

- |                                     |              |
|-------------------------------------|--------------|
| 1. Fazerin Sininen chocolate        | 6. Valio voi |
| 2. Fazer                            | 7. Iittala   |
| 3. Hyvää Suomesta<br>(Joutsenlippu) | 8. Hackman   |
| 4. Joutsenmerkki                    | 9. Arabia    |
| 5. Fiskars                          | 10. Google   |

In the last research (year 2012) only one foreign brand was able to get into the top ten, Google. Fazer is going strong, as are other old Finnish brands as well, and there does not seem to be any big changes from previous years. This tells that Finnish customers do appreciate traditional Finnish brands and domestic products.

### **3 CONSUMER BEHAVIOR**

Consumer behavior is a study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires (Solomon et al. 2010, 6.)

Consumers make buying decisions every day. We make them when we are shopping for groceries, meeting a friend in a café or browsing through an online shopping site. Marketers are interested in consumer behavior in order to learn the motives behind the consumers' decisions; why they buy. Finding the answer to that is not so easy; often the consumer themselves cannot clearly state the *why* behind his/her decision. Solomon (2010, 7) describes consumer behavior as an ongoing process, not just what happens at the time when the consumer hands over money or a credit card to buy goods or services.

In a marketers point of view it is important to try to find answers to question of how consumers respond to different marketing efforts/stimuli the company might use. Marketing stimuli consists of four Ps: product, price, place, and promotion, also referred as the marketing mix. Other stimulus includes factors in the buyer's external environment: economic, technological, political, and cultural factors. All these inputs then enter the "buyer's black-box" where they are turned into a set of buyer responses through the buyer decision process. Buyer responses then are the product choice, brand choice, dealer choice, purchase timing, and purchase amount. (Kotler & Armstrong 2006, 137)

### 3.1 Factors affecting individual's consumer behavior

A single consumer's buying behavior and purchase decisions are affected by multiple factors. Surrounding society, companies' marketing efforts and other external influencers play a big role, but the consumer's desire, need and ability to make purchases is determined also by the consumer's individual features such as demographic, psychological, and social factors. (Bergström & Leppänen 2005, 99)

#### 3.1.1 Demographics

Demographic factors are such as age, gender, social class, income, religion, stage in life and place/form of living. These are all important factors for marketers to easily identify different segments. Demographic factors are helpful when analyzing a person's buying behavior; for example age or gender can partly explain a person's need and motivation to purchase certain products. What they cannot usually explain is why a consumer chooses a certain product from many alternatives, why some people become brand loyal and who will become the innovators or early adopters. These kinds of questions are better answered by looking into consumer's psychological and social factors which then together with the demographic factors form the consumer's lifestyle. (Bergström & Leppänen 2005, 100)

#### 3.1.2 Psychological factors

Buyer's psychological factors include personal needs, motives, values, attitudes, learning, perception and beliefs. These cannot however be completely separated from the social factors since interaction with other people also form a person's behavior. (Bergström & Leppänen 2005, 101; Kotler & Armstrong 2006, 148)

A person has many needs at any time; needs can be biological (thirst, hunger) or psychological (recognition, self-esteem). Psychologist Abraham Maslow tried to explain why people are driven by particular needs at particular times. He

developed a concept referred to as *Maslow's hierarchy of needs* where the idea is that a person tries to satisfy the most important need first and when that need is satisfied the person will no longer be motivated to pursue that need and moves on trying to satisfy the next most important need. The different levels from lowest to the highest in Maslow's hierarchy are; *physiological needs*, *safety needs*, *social needs*, *esteem needs*, and *self-actualization needs*. (Kotler & Armstrong, 2006, 148-151) Most consumers in the western world have the first two needs, physiological and safety, already satisfied and by consuming and buying they might try to satisfy the rest of the needs, these including self-esteem, recognition and status for example. Marketers can try to effect on the consumers' needs by different marketing stimuli, if a consumer has a need that is for example thirst, and he then sees an advert for a new soft drink he might be encouraged to purchase that in order to satisfy the need rather than just drinking water from the tap. In a study, *Brand Consumption and Narrative of the Self* (Psychology & Marketing 2010, 628) the writers found out that consumers used brands as social tools to construct the self and also to demonstrate their social status and image in front of others. One respondent in their interview described his car choice as follows; "I drive a BMW, so I like the BMW. That is more me. And the Ford is more a family car. BMW is a luxurious and prestigious brand so it gives that image. Running my own business, perception is reality so when customers perceive that you are successful they feel more comfortable doing business with you." So in other words he was using the car to satisfy the need of status and image.

How and individual acts is influenced by his or her own perception of the situation, each person has an individual way of organizing, selecting and interpreting information from the surrounding environment. For example different people can interpret the same advertisement in a different way; it depends on a person's prior assumptions and knowledge. Beliefs and values influence buying behavior as well, consumer beliefs make the brand image and therefore it is important from a marketing perspective that these beliefs are right, e.g. how the company wants its brand to be perceived. (Kotler & Armstrong 2006, 151-152; Solomon et al. 2010, 119)

### 3.1.3 Social factors

Social factors affecting buyer behavior are culture, groups and family which all relate to a person's lifestyle. Culture can be defined as "accumulation of shared meanings, rituals, norms, and traditions among the members of an organization or society" (Solomon et al. 2010, 506) it is "the set of basic values, perceptions, wants, and behaviors learned by a member of society from family and other important institutions" (Kotler & Armstrong 2006, 137). Consumers are a part of the culture and consumption activity must be understood in the cultural context in which it is taking place (Solomon et al. 2010, 506-507). Each culture contains smaller subcultures, a group of people that share same value systems and experiences, subcultures include for example nationalities, religions, and racial groups (Kotler & Armstrong 2006, 138). Solomon (2010, 606) also identifies micro-cultures in contrast to larger demographically based subcultures; people belonging to a micro-culture identify themselves with a lifestyle or aesthetic preference, e.g. skinheads or health-addicts.

When looking into social factors and how these can affect a person's buying behavior it is indeed important to know which social groups the consumer belongs to and what his social class is. Social groups can be actual groups that the consumer is a member of; these have direct influence on a person's behavior. (Bergström & Leppänen 2005, 109-110) People can also be influenced by different *reference groups*; they are not part of the group but they perhaps use them to compare themselves. An example of a reference group is an aspirational group, which is a group a person wishes to belong to someday. These reference groups' effect on consumer behavior varies, but the meaning is greater when the product is visible to others who the buyer respects. Other people are more easily influenced by others and especially in a small group's opinion; leaders have a strong effect on others (Kotler & Armstrong 2006, 142)

Family is one of the biggest influencers in consumer behavior. Individual's buying behavior can be influenced by parents, husband, wife, and children. For a marketer it is important to know how different buying decisions are made within a family, so they are able to target their marketing efforts better.

Nowadays the traditional family concept has changed; the number of single parent and single households has increased (Bergström & Leppänen 2005, 113). Solomon (2010, 424) points out that people are placing greater emphasis on the role of siblings, close friends and other relatives and the definition of a family has become more flexible.

#### 3.1.4 Lifestyles

Individual's lifestyle forms on the basis of demographic, psychological and social factors presented here earlier. Lifestyle can explain a consumer's buying behavior, the process and the buying decisions made. (Bergström & Leppänen 2005, 115) Lifestyle is a set of shared values or tastes exhibited by a group of consumers, it refers to a pattern of consumption that reflects a person's choices about how they spend time and money and in many cases it also refers to the attitudes and values attached to those behavioral patterns. Lifestyle is a statement of who one is and it can change throughout life when a person's tastes and preferences evolve. Lifestyles can be considered as group identities and they can be divided into distinct lifestyle groups. Lifestyle concept is widely used in modern marketing; lifestyle marketing perspective recognizes that people sort themselves into groups on the basis of the things they like to do, how they like to spend their leisure time and how they choose to spend their disposable income. This gives opportunities to different market segmenting strategies adjusted to a consumer's chosen lifestyle. (Solomon et al. 2010, 577)

Nowadays many companies call their products as *lifestyle brands* and they have successfully connected with consumers by tapping into what consumers are and who they would like to be. Consumers see certain lifestyle brands as a reflection of themselves and they build strong, long-term bonds with the brand. The loyalty that lifestyle brands inspire usually translates into purchase and repurchase of items by its fans. (Birkner, 2011)

### 3.2 Consumer decision process

Consumer decision making can be pictured as a five stage model, starting from the need recognition and ending with post-purchase stage. Throughout the decision making process various stimuli influences on how the process will turn out. Consumer's buying behavior is influenced by the surrounding environment, demographic, psychological, and social factors. Usually the more expensive, not-frequent purchase or the more unfamiliar the product/brand is, the more complex and time consuming the decision process is.

#### 3.2.1 Stages in the consumer decision process

##### **Need/Problem recognition**

“*Need recognition* is the first stage of the buyer decision process, in which the consumer recognizes a problem or a need” (Kotler & Armstrong 2006, 156). More specifically, the problem is recognized when a person sees a significant difference between the current state and the ideal or desired state (Solomon et al. 2010, 320.) Needs can be triggered by a multiple of causes; internal stimuli comes from a person's basic needs, for example hunger or thirst and external stimulus are for example a need arising after seeing an advert or after having a friend recommend a product. A need can also rise when a person runs out of something, for example coffee or shampoo. Solomon et al. (2010, 320) also talk about *opportunity recognition* which often occurs when a consumer is exposed to different or better-quality products. This happens because the consumer's circumstances have somehow changed, e.g. a new job, and as the reference shifts the purchases are made to adapt to the new environment. In order to move ahead to the next phase of the buying process the buyer has to be motivated, he/she needs to feel that the problem is worth solving. Central from a marketing point of view is that the marketer offers the best possible solution to the problem. (Bergström & Leppänen 2005, 123)

##### **Information search**



When a buyer feels the problem to be worth of solution, he /she then moves on to the phase where she/he collects information about different options of products and where to get them (Bergström & Leppänen 2005, 123). “The consumer is aroused to search for more information”. Information can be obtained from many sources which include personal sources, commercial sources, public sources, and experimental sources. The relative influence of these different channels varies with the product and the consumer, generally the most effective sources seem to be the personal ones; for example recommendations or evaluations from a friend or a family member. (Kotler & Armstrong 2006, 156) Nowadays people tend to look for information from the Internet since it is easily available there. Also the rise of social media has an effect on the information search process; blogs, discussions forums etc. are a convenient place to look for information. With the help of the companies’ internet pages it is also easy to compare products and prices between different providers.

Searching for information can be pre-purchase search or ongoing search. The difference between these two is that in the pre-purchase search the consumer will look for specific information from the marketplace and whereas in the ongoing search the consumer is for example browsing through a store just for the fun of it and building a bank of information for a possible use in the future. (Solomon et al. 2010, 321)

### **Evaluation of alternatives**

After the information search the consumer should now have narrowed down his options, at this point it is time to evaluate the alternative brands. The alternatives consumer knows about, the ones that are already in their memory, are a part of their *evoked set* and the ones they actually consider of is their *consideration set*, because due to issues such as price and previous experiences the consumer will not seriously consider each and every brand in a category. The alternatives that a consumer is aware of but will not consider buying are a part of their *inept set*, and those which are under no consideration at all make up the *inert set*. (Solomon et al. 2010, 334) Therefore for a marketer

it would be best if their brand would belong to the consumer's evoked set, in which, according to some studies, consumers have a relatively small number of alternatives. (Solomon et al. 2010, 334) This relates to the theory of brand awareness that was talked about earlier in this study and was referred as "the strength of a brand's presence in the consumers mind." As Solomon et al. (2010, 334) writes, a consumer is not likely to put a product to their evoked set if they have had previous bad experiences with that product, even though marketers would try to prove otherwise. It is more likely that a consumer will add a completely new brand to his evoked set than the one he has previously passed over.

### **Product choice and the purchase decision**

Evaluation of alternatives leads to purchase decision when the buyer decides what the suitable option is. After having decided, the actual purchase will occur if the selected product is available. Even though the decision to buy has been made, the buying process will discontinue if the marketer cannot make sure that the product or service is accessible to the consumer. (Bergström & Leppänen 2005, 124) Other factors that can come between the purchasing intention and the purchasing decision are attitudes of others and unexpected situational factors. Attitudes of others can affect in a way that for example a friend might think that the buyer should go for the cheapest option and therefore the chances of buying a more expensive product are reduced. Unexpected situational factors can be such that the buyer has made the decision based on his expected income and then all of a sudden loses his job and thus cannot afford the product anymore. Therefore preferences and purchase intentions do not always result in actual purchase choice. (Kotler & Armstrong 2006, 157)

### **Outcome and the post purchase behavior**

At this last stage of the buying decision process the consumer has bought the product and is now ready to use and enjoy his purchase. The consumer will also evaluate the product purchased; he will be either satisfied or dissatisfied with his purchase decision. What affects the level of satisfaction is whether the

product performance meets the consumers' expectations. Dissatisfaction with the purchase decision can also be caused by *cognitive dissonance*, which results from the consumer feeling uneasy and conflicted about the choice he made, maybe because of the price of the product purchased or he feels he could have benefitted more if chosen a different brand instead. At this case the consumer will seek positive affirmation for his decision; this can be by looking for positive information about the product from friends or through different medias. For a salesperson it is important to have the knowledge to support the customer's purchase decision in a right way, so that the buyer feels like he has made a good decision. (Bergström & Leppänen 2005, 125; Kotler & Armstrong 2006, 158) If the consumer is satisfied with the purchase it is likely that he will purchase that same brand again, become brand loyal, whereas an unsatisfied customer will not be easily won back. As the *20-80-30 rule* implicates; 20 percent of your customer create 80 percent of your profit and half of your profit is lost serving the bottom 30 percent of your customer base, meaning companies should focus on serving the current customers well in order to have long lasting profitable customer relationships.

In reality, when making small everyday purchases a consumer is unlikely to go through the whole decision making process as pictured above. When purchasing for example milk, it could be claimed that no one will look for information or recommendations to support the decision of what brand of milk to buy. Also in the case of impulse buys, there is no time for information search or evaluation of alternatives since the product is purchased immediately. However when faced with more expensive or complex buys, it is more likely that a consumer will go through these different steps of the buying decision framework.

### 3.3 Influence of brands

Brands influence consumer decisions throughout the buying process and strong brands often have a high perceived quality and they are well known names in the consumer's mind. So what can a brand give? Bergström and Leppänen

(2005, 186) list these few things in their book; (i) a brand reflects values and attitudes, (ii) it has an image and reputation, (iii) a brand has feelings attached to it, (iv) a brand is a message, (v) products find their buyers but a brand is found by its user based on the message and emotional attraction it has, (vi) a brand is something you live with, (vii) and a brand builds a relationship with its user. And as stated earlier in this study, consumers use brands to build their image and to gain status. They want to identify themselves with a lifestyle that a brand reflects; they want to belong to the group that uses that brand. In his blog, *the brand builder* (2006), Olivier Blanchard describes the users of Nike sneakers as follows “(people) wear them to make a statement about their identity. Their lifestyle. Their place in the world.” He later continues “Nike goes beyond making sports cool and glamorous and sexy. Nike actually makes us feel that we are part of a community. A brotherhood/sisterhood. We're athletes.” And he is absolutely right; buying a pair of Nike sneakers is not just a purchase to many consumers, rather it is a statement of who one is and one's desire to live the athletic lifestyle seen in the adverts.

Well-known brand can also function as a reassurance to consumers. Familiar brand names are something that the consumers can rely on; they know what they are getting when buying a brand that they are familiar with.

In the next part of this study a research is conducted to find out whether these theories about consumer behavior and the influence of brands are valid. People's preferences to brands and the deciding factors in purchase situations and their behavior as consumers are researched.

## 4 RESEARCH METHODOLOGY

For this study both secondary and primary data has been used to collect information. Secondary data is information collected by others, like published studies, text books and journals and whereas primary data is original data collected by the author for the research problem at hand (Ghauri & Grønhaug 2002, 76). In the previous chapters of this study secondary data has been used to create a basic knowledge about the area of research and then a survey was created to collect primary data. At this case, primary data was decided to be collected through an online questionnaire that was send to chosen recipients through an email link. Later the link was also shared on the author's Facebook page. Questions in the survey were designed to collect quantitative data so that the results could be presented with the help of graphs and pie charts.

### 4.1 Survey

Surveys refer to a method of data collection that utilizes questionnaires or interview techniques and it is an effective tool to get opinions, attitudes and descriptions as well as for getting cause-and-effect relationships (Ghauri & Grønhaug 2002, 93). In this case the questionnaire was created with a free online survey tool, eSurv. It was designed to be as simple as possible in order to make the answering process easy and quick, hence the author decided to use a structured multiple-choice questionnaire where the answers to be given are predetermined. In a structured questionnaire the researcher poses a question and the respondent has to pick the answer from the pre-stated options e.g. in a multiple-choice manner. (Ghauri & Grønhaug 2002, 92) However in this survey two questions had an option to choose an alternative answer where the respondent was able to write down his answer on a separate comment field.

By conducting the survey the author wanted to find out about people's consuming habits, factors affecting their choices and whether brands have an influence on their decisions or not. Respondents were also asked about how they see themselves as consumers by posing them twelve claims about their

consuming behavior where they were asked to rank their answers on a five-point scale from “strongly agree” to “strongly disagree”.

The survey was sent via email to the students in the International Business Management program of TUAS (year groups 2009-2012) on Sunday 12<sup>th</sup> of May 2013 and they were asked to complete the survey by Friday 17<sup>th</sup> of May. A reminder email was sent on Thursday 16<sup>th</sup> of May, one day before the survey was closed. Fellow students were chosen as a target group since it was seen as the most convenient way of getting answers within the short time frame. Eventually, to get more answers the link to the survey was also shared on the authors Facebook page on May 16<sup>th</sup> and 17<sup>th</sup>. Finally a total of 55 responses were collected. The results of the survey are discussed in the next chapter.

#### 4.2 Limitations of the research

Since the questionnaire was created online and sent to the chosen recipients by email there was no guarantee of answers. Also the time of the year when the questionnaire was available to the respondents might not been ideal since many of the students who the survey was sent to had already finished their semesters for the year and therefore do not necessarily check their school emails that often. Because of the tight schedule the answering period was limited to six days. Since the most of the respondents who answered the survey were students and young adults living in Finland, the results can be seen as an indicative for that particular consumer group and therefore cannot be used to describe consumers as a whole. Also many students do not necessarily work except part-time and they do not have that much disposable income they can use, therefore the consumer behavior of students can vary from that of the working population. There is also a possibility that some of the respondents did not understand all of the questions or interpreted them in a different way that was originally planned when the survey was created.

## 5 RESEARCH RESULTS

### 5.1 Overview of the questionnaire results

The questionnaire was answered by a total of 55 respondents, out of which 71% (39 respondents) were women and 29% (16 respondents) were men. Most of the respondents (44) belonged to the age group of 20 to 25-year-olds; nine respondents were in 26 to 30 year-olds and only two respondents were in a category of 31 to 40 year-olds. This can be explained by the fact that the link to the survey was sent to the author's fellow students and also shared on her Facebook page where most of her connections belong to the age groups of 20 to 25 or 26 to 30 years old.

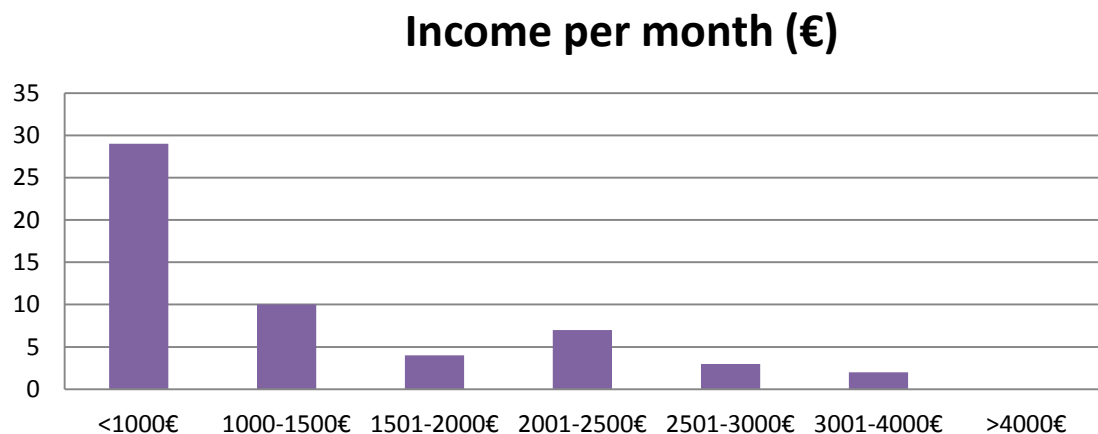


Figure 2 – Question 3. Average income per month (euros)

Question three asked the respondents to evaluate their approximate income per month by choosing between seven different options. As seen in the Figure 3, most of the respondents (29) chose the answer “under 1000€”. This again can be explained by the fact that we can assume most of the respondents to be students who do not necessarily work except maybe part-time.

The next question in the survey intended to find out which products do the respondents spend the most money on generally. The question had six

answering options, each option representing a product category and the respondent was asked to pick one of those. Clear majority of 67% picked the category “Clothes & Accessories” (see figure 3.) although categories “Sports equipment & Apparel” and “Electronics” were popular as well with percentages of 13 and 11, respectively.

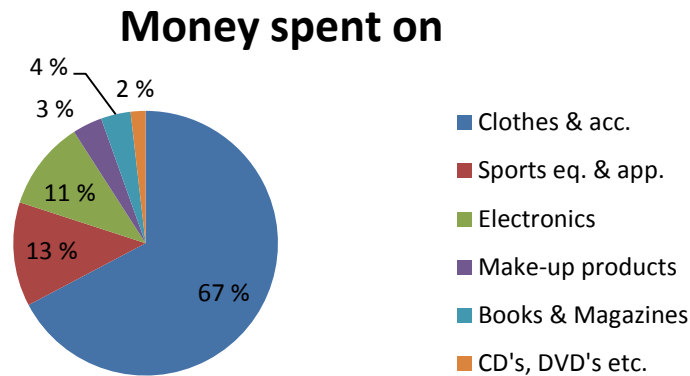


Figure 3. – Question 4. Which products do you spend the most money on?

When asked about the relation with price and quality, e.g. the higher the price the better the quality, the answer was almost unanimous; 48 respondents out of the total of 55 answered that price can sometimes tell about the quality. Two respondents thought that price can always tell about the quality of the product, four answered seldom and only one respondent said that price can never tell about the quality of a product.

Question six concerned the deciding factors when choosing a product. The respondents were asked to identify what are the deciding factors when buying a product and choosing between several alternatives. A pair of jeans was given as an example since it was thought to be a product that everyone has had the experience of buying. Respondents were given eight different alternative factors that can affect their buying decisions and were asked to pick a maximum of four out of them. The answers divided quite evenly and there were not big differences between the top five that were Familiarity (previous experience of a product), Low price, Trendiness, Materials used and the Brand name (see figure



4.). Probably the answers would not have divided so evenly if the respondents could have chosen only one option as the most important factor rather than choosing one to four options.

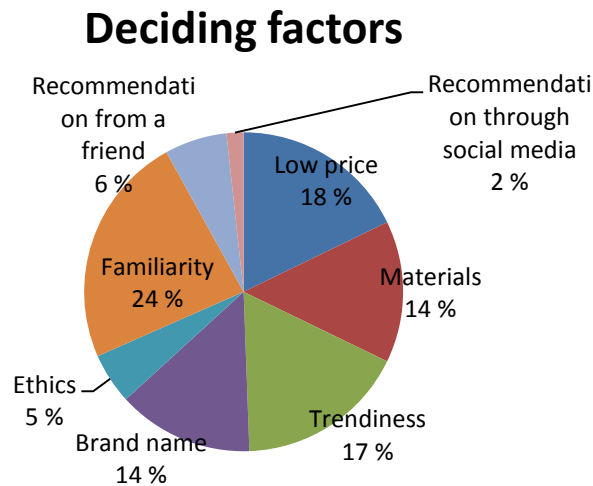


Figure 4. – Question 6. Deciding factors when choosing a product

Surprisingly, recommendations through social media and from friends or family weren't seen that important; only eleven respondents picked recommendation from a friend/family member as one of the deciding factors when choosing between alternative products and only three respondents chose recommendations through social media. Of course it has to be remembered that the deciding factors in a purchase situation can vary between different products. When buying more expensive products or products that are new or unfamiliar to the consumer it is common to ask and look for recommendations from friends and family or from the internet. Here the example product was a pair of jeans, which is something a person probably has bought sometime before and therefore rather trusts on his own previous experience more than a recommendation from somebody else. One responded actually commented on Facebook about the difference between the deciding factors depending on the product as follows: "Jeans can be bought by trusting your own feeling/experience (how they fit and feel), but when it comes to cosmetics I can't

even buy a lip balm without first searching a hundred pages of reviews on Google.” (Translated from Finnish)

In the next question the aim was to find out how respondents find out about new products and brands. They were once again asked to choose their answer among five predetermined suggestions but they also had an option to comment their own thoughts on a separate comment field if they felt that the alternatives given weren't suitable. Respondents were able to choose one or two alternatives for answer.

### Finding out about new products

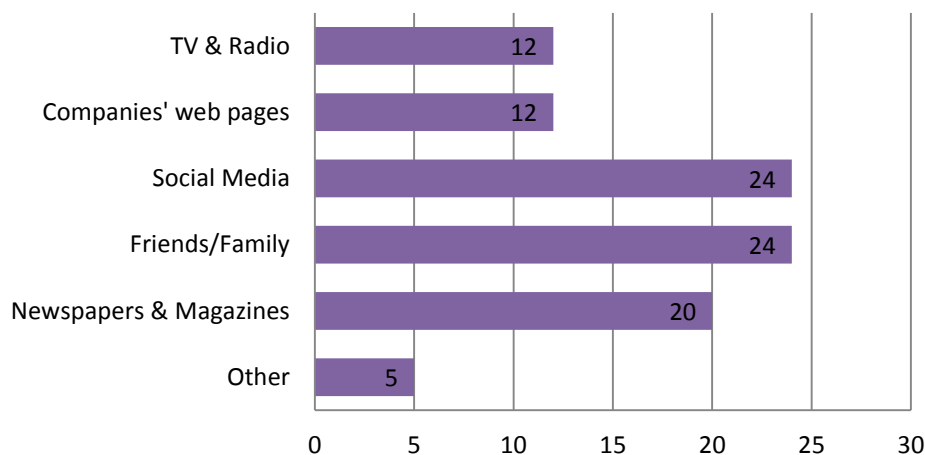


Figure 5. – Question 7. How people find out about new products and brands.

As we can see from the Figure 5, respondents find out about new products mainly through social media and from their friends and family. This is interesting since in the last question where asked about the buying decisions, recommendations from friends/family and through social media were seen as the least important. Based on these two answers we could assume that when it comes to finding out about new products social media and friends and family play a big role but in an actual buying decision the deciding factors depend on the product at hand, sometimes the consumer can even be influenced without noticing it.

In question five when asked about how people find out about new products the respondents were also able to choose an option “other” and leave their comment on a separate comment field. Five respondents picked this option and their comments were surprisingly similar; by going shopping and seeing the products by themselves in the stores.

### In what products is the brand important?

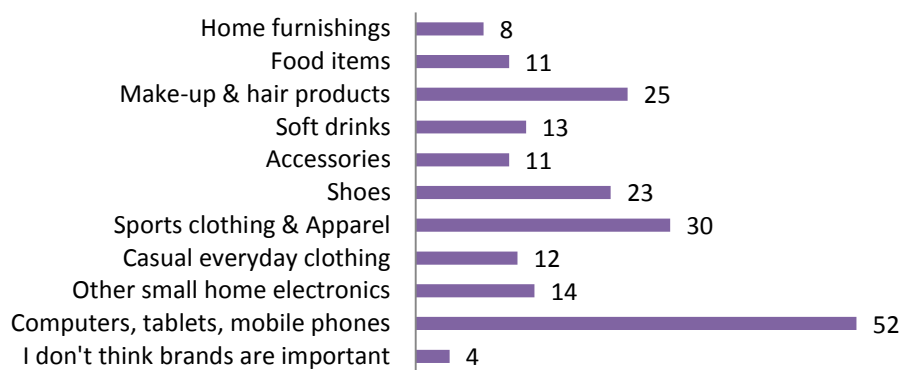


Figure 6. – Question 8. In what products is the brand important?

Question 8 asked in which products the brand is important to the respondents. They were able to pick as many answers from the alternatives as they wanted. Almost everyone, 52 respondents out of the total of 55, chose the answer “Computers, tablets and mobile phones” as products in which the brand is important. The next three most popular alternatives were “Sports clothing & Apparel” (30), “Make-up & hair products” (25) and “Shoes” (23). The rest of the alternatives all got quite an even amount of votes. Only four respondents picked the alternative “I don’t think brands are important”. In this question there was also a comment field and one respondent mentioned vehicles, parts and maintenance parts as a product in which the brand is important.

The question 9, which was the last question in the survey, was meant to find out how the respondents see themselves as consumers. They were presented with twelve claims about their behavior as consumers and they were asked to

answer whether they agree or disagree with those statements on a five-point scale ranging from strongly agree to strongly disagree. Respondents were also able to pick an answer “neutral” if they felt that was more appropriate. Sometimes respondents might see this option as an easy alternative and rather answer “neutral” than actually thinking if they agree or not with the statements, which of course is not good for the results. However this time only in two statements the option “neutral” was the most popular. Figure 7 shows how the answers turned out.

9. You as a consumer	str. Agree	Agree	Neutral	Disagree	str. Disagree
I like shopping	17	21	12	4	1
I follow trends/fashion	6	24	13	11	1
I wear clothes with visible brand names/logos	1	13	12	24	5
I am willing to pay more for a brand name product	2	21	12	15	5
I make impulse purchases	6	28	10	7	4
I buy expensive brand clothes/shoes/accessories	7	12	14	13	9
I buy expensive brand name electronics	10	15	16	10	4
I make buying decisions based on solely on the brand of the product	0	5	10	23	17
I use brands that I feel reflect my current status or lifestyle	3	19	16	6	11
I use brands that reflect the lifestyle and status I would like to have	0	18	15	13	9
I give recommendations about products to my friends/family	10	34	9	1	1
I ask for recommendations about products from my friends/family	11	28	12	2	2

Figure 7. – Question 9. Do you agree or disagree with the following statements?

Majority of the respondents, 38 people, agreed or strongly agreed that they like shopping and only five respondents disagreed or strongly disagreed with the statement. The next statement about following trends was also largely supported with 30 answers in the columns strongly agree and agree. The claim about wearing clothes with visible brand names and logos was disagreed or strongly disagreed by 29 respondents, a clear minority agreed with the statement.

The fourth statement about the willingness to pay more for a brand name product was almost evenly agreed and disagreed with. 23 respondents strongly agreed or agreed and 20 respondents either strongly disagreed or disagreed with the statement, the difference between them being only 3 responses, the

remaining 12 respondents were neutral. When asked about impulse purchases the answer was clear, 28 agreed that they make impulse purchases which is half of the total number of respondents and six respondents answered that they strongly agree with the statement. Only 11 respondents disagreed or strongly disagreed.

The next two statements about whether the respondents buy expensive brand name products were the only statements where the most popular answers were in the middle column, neutral. It might be that it was difficult for some the respondents to evaluate what is considered as an expensive product, since there were no actual prices suggested and therefore they felt they couldn't really answer the question. However more people disagreed or strongly disagreed with the claim that they buy expensive brand clothing, 22 two respondents in total, whereas the statement of buying expensive brand name electronics was agreed or strongly agreed by 25 respondents. This can be seen coherent with the earlier question (figure 6) where computers, tablets and mobile phones were answered to be the products in which the brand is most important.

The next statement about making buying decisions solely based on the brand of the product was disagreed by the majority of the respondents. 42 per cent of respondents answered they disagreed and 31 per cent strongly disagreed with this statement, all together 73 per cent. The following two statements concerned about brands and the lifestyle or status that they represent to the user. 35 per cent of the respondents agreed that they use brands that reflect their current status or lifestyle, 29 per cent of the respondents neither agreed nor disagreed and picked the answer "neutral". The answer to the question of whether the respondents use brands that reflect the lifestyle they would like to have were quite evenly distributed between the scales from agree to disagree, although more answers were on the right side (disagree-strongly disagree), 40 per cent in total, than on the left side where 33 per cent of the responses were in the agree column.

The last two statements were meant to see whether the respondents give and ask for recommendations of products from their friends and family. Both of these statements were clearly agreed with. Altogether 44 respondents out of 55 agreed or strongly agreed with the claim that they give recommendations about products to their friends and family. Also asking for recommendations was common; 39 respondents agreed or strongly agreed that they ask for recommendations of products from family and friends.

## 5.2 Gender differences

The majority of the respondents in this questionnaire were women and therefore the results are mainly influenced by their opinions. When looking into the answers given by only women or only men, some differences can be found. Few questions in particular divided the opinions of men and women respondents. However there were fewer differences between the answers of different genders than expected.

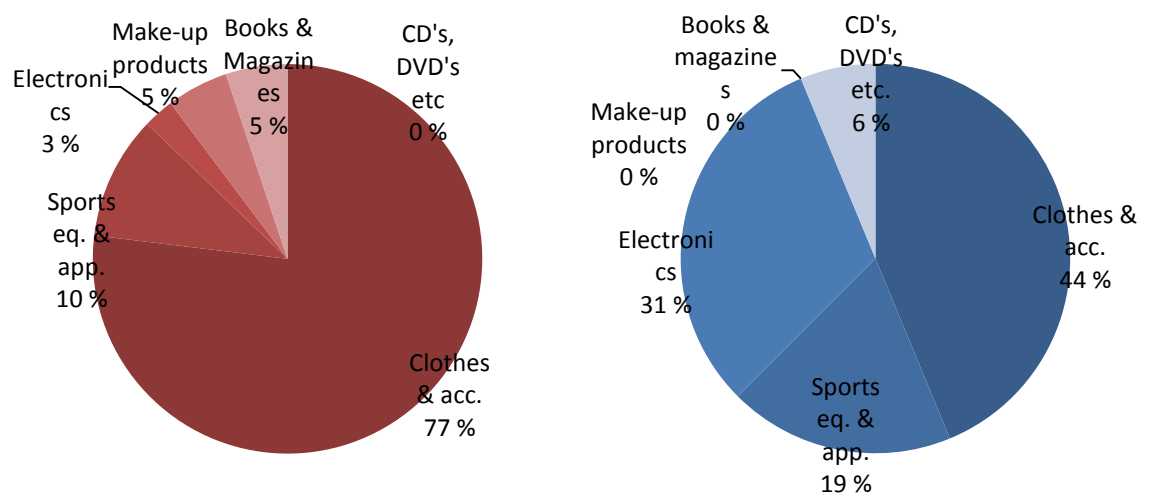


Figure 8. Which products do you spend the most money on? Women/Men

Question 4 asked the respondents to identify which products they spend the most money on. Above in the figure 8 the answers are divided between men

and women, the red pie chart representing the answers from women and the blue one representing the answers from men respondents. For both genders clothes and accessories seem to be the category where most money is spent on; for women it is a clear winner with 77% but for men the answers are more evenly distributed; clothes and accessories getting a share of 44%. Second after clothes and accessories for men are electronics with 31% whereas for women the share of electronics is only 3%. Sports equipment and apparel account for 19% for men and 10% share for women.

### Finding out about new products (men)

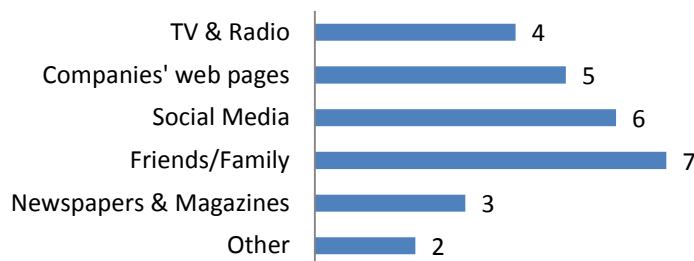


Figure 9. How men find out about new products

Some differences between genders were also found in the ways the respondents find out about new products. Figure 9 shows the answers from male respondents; the answers from female respondents were basically the same as the overall results that are pictured in the figure 5. For male respondents the most important way to find out about new products seems to be recommendations from friends and family, secondly social media and thirdly companies' web pages. In the overall results and for women respondents companies' web pages weren't seen as important, actually it was seen as the least important if not considering the option "other" where the respondents were able to comment their own idea. What is interesting is that for women newspapers and magazines are as an important way to find out about new products as friends and family recommendations but for male respondents it

wasn't important at all. This can be due to the fact that women tend to read more weekly or monthly magazines that are concentrated on areas such as women's fashion, health or for example interior design. For men there aren't even that many magazines available that would be targeted for them especially.

In the last question where twelve statements about the respondents' behavior as consumers were presented the answers distributed quite evenly despite of the gender. Only one statement clearly stood out; "I like shopping" was strongly agreed by 17 respondents, all of them women and only one woman respondent disagreed with this statement. All in all the statement "I like shopping" was agreed or strongly agreed by 82% of the women respondents whereas only 38% of the men respondents agreed with the statement and the same amount were neutral in their opinion.



## 6 CONCLUSIONS

### 6.1 Research findings and theory

The aim of this thesis was to explain and to find out the importance of brands to consumers and their decisions. The research questions presented in the study concerned factors such as how brands effect on consumer decision process, what are considered as the most important factors when consumers are making buying decisions and what kind of value brands give to consumers? To answer these questions, previous theory was researched on areas of branding and consumer behavior and a survey was created to find out more specific information.

Brands and branding was identified as an important way to attract and keep loyal customers and also to separate a product from its competitors. Brands were described as more than products; rather they are something that is formed inside the heads of the consumers and something that has its own identity. A brand having an identity of its own is clearly present among nowadays popular lifestyle brands; lifestyle brands offer the consumer a whole way of life whether it is Nike's athletic "just do it" or Ralph Lauren's preppy brand image. With these kinds of lifestyle brands consumers can built their own identity towards the ideal they have in their mind; brands with a certain identity or image can help people to show their status whether it be real or not. By making these consumer decisions people identify themselves with their reference groups or aspirational groups that they would like to belong to.

Brand awareness was presented as one of the important factors in branding. It can be described as how people remember and can recall different brands; how aware and familiar they are with them. It was also mentioned that people can only have a certain amount of alternative products in their consideration set, those are the ones they think about and recall easily when needing to purchase a new product. In the questionnaire familiarity and previous experience with the product or brand was seen as the most important deciding factor when making

purchasing decisions. People tend to choose products and brands they have previous experience with.

The emergence of multiple social media channels has changed consumer decision making in the past years. Nowadays it is common to find out about new products and brands through social media. In the survey it was seen as the most important way to find out about new products together with family and friends' recommendations. TV and Radio commercials have clearly lost their value when it comes to promoting new products; it was far behind social media and friend & family recommendations in the survey. Probably the rise of the Internet and social media and other technological innovations have also had an effect on the survey results where computers, tablets and mobile phones were seen as products where the brand matters the most.

As an answer to the first research question it can be said that brands affect the consumer decision process in various ways. Brands can guide the consumer's decisions by lowering the uncertainty; a customer might be more confident in buying a well-known brand that has certain quality attached to it, in other words customer knows what he is getting. People can choose a particular brand because of the image the brand has in their mind or what it reflects, what kind of attitude and values it presents. A brand can also be unappealing, those will be the brands that a consumer will not even consider when making buying decisions, and those brands are not part of the consumers consideration set.

In the second research question the idea was to find out what are the most important factors that influence purchasing decisions. In the questionnaire, familiarity was seen as the most important factor when deciding between products (example product given was a pair of jeans). Other factors that have most influence on purchasing decisions were trendiness, low price, brands and materials used in the product. When buying electronics the brand seem to matter the most, this can be due to the fact that electronics are not an everyday buy, they are expensive and preferably good quality that will last long. In this case the brand gives some form of promise about the quality of the product already before the product is purchased. Recommendations from friends and

family and from social media can be seen as a big influencer in buying decisions as well, those were the top two channels through which people find out about new products. Also in the survey most people answered that they give recommendations about products to their friends and family and a majority also said they ask for recommendations.

The last research question aimed to find out what is the value brands can give to consumers. It is hard to give any exact answer to this question since consumers are different from one another in a way that they value different things. So many factors effect on how consumers behave and what brands they buy. Generally it can be said that the value of brand is the promise of certain quality that can be trusted. Also brands can help people to identify themselves and build their identity that is visible to others.

## 6.2 Validity of the research findings

The results of this research can be seen as general implications; in the survey the number of respondents was rather small and therefore can only be considered as indicative. The results might have been different if the sample would have been larger. Also the respondents were all young adults and their responses reflect their ideas and opinions; the results cannot be applied as opinions of the Finnish consumers in general.

Also the author having her own ideas about the topic of the research might have had an impact on the way the questions were presented in the survey and also how the results were interpreted. However it can be argued that the research pointed out interesting factors and the results of the survey were mainly consistent with the theory presented in the study.

## 6.3 Implications for further academic research

This study was just a small scratch on the surface of the vast area of consumer behavior and branding and could only cover some of the basic theory on the subject. The survey that was made concentrated on the main factors affecting consumer decisions and consumers' ideas about brands and themselves as

consumers. The survey raised a few interesting topics such as the importance of social media in today's marketing operations and the decline of the relevance of the traditional medias such as TV and radio. Also as more and more different brands become available to people anywhere around the world via e-commerce operations, it would be interesting to see whether it will have an effect on the value of brands, how does it effect on the more exclusive brands for example.

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## Figures

Figure 1 Brand identity prism (Kapferer 1998). Available online at [http://e-university.wisdomjobs.com/strategic-brand-management/chapter-1772-350/brand-identity-and-positioning\\_the-six-facets-of-brand-identity\\_10868.html](http://e-university.wisdomjobs.com/strategic-brand-management/chapter-1772-350/brand-identity-and-positioning_the-six-facets-of-brand-identity_10868.html)

## **Appendix 1: Email sent to the IB students of TUAS**

12.5.2013

Subject: Help me with my thesis survey

Hi everyone,

I am a NINBOS09 student currently working on my thesis.

Would you please answer my short survey about consuming habits and brands, it will only take you a moment to complete. Please answer by 17.5.

Here's the link to the survey:

[http://eSurv.org?s=OCLIMJ\\_2dc8f38f](http://eSurv.org?s=OCLIMJ_2dc8f38f)

All the answers are anonymous.

Thank You!

BR,

Veera Moilanen

## Appendix 2: Survey

### Survey about consuming and brands

This survey is a part of my thesis and is meant to find out people's consuming habits and factors affecting their choices.

Thank You for taking a few minutes to answer this survey!

\* 1. Gender

- ☐ Female
- ☐ Male

\* 2. Age

- ☐ under 20
- ☐ 20-25
- ☐ 26-30
- ☐ 31-40
- ☐ over 40

\* 3. Please evaluate your approximate income per month

- ☐ under 1000€
- ☐ 1000-1500€
- ☐ 1501-2000€
- ☐ 2001-2500€
- ☐ 2501-3000€
- ☐ 3001-4000€
- ☐ over 4000€

\* 4. Which of these products do you spend the most money on? (Please choose one)

- ☐ Clothes & accessories
- ☐ Sports equipment & apparel
- ☐ Electronics
- ☐ Make-up products
- ☐ Books & magazines



☐ CD's, DVD's, video games etc.

\* 5. Do you think that price tells about the quality of a product? (e.g. the higher the price, the better the quality)

☐ yes, always

☐ sometimes

☐ seldom

☐ no, never

\* 6. What are the deciding factors when you choose among many alternative products, for example when buying a pair of jeans? (You can pick maximum of four options)

☐ Low price

☐ Materials used (cotton, polyester..)

☐ Trendiness

☐ Brand name

☐ Ethics (e.g. no child labor used)

☐ Familiarity (your previous experience of a certain product)

☐ Recommendation from a friend/family member

☐ Recommendation through social media (Facebook, blogs etc.)

\* 7. How do you mainly find out about new products/brands? (You can choose 1-2 options)

☐ From commercials in TV and Radio

☐ From Newspapers & magazines ads

☐ From Friends/family recommendations

☐ Through social Media (Facebook, Twitter, blogs..)

☐ From companies' web pages

☐ Other, please specify in the comment field

\* 8. In what products is the brand important to you? (You can choose as many as you want)

- ☐ Computers, tablets, mobile phones
- ☐ Other small home electronics (e.g. coffee maker, microwave..)
- ☐ Casual everyday clothing
- ☐ Sports clothing & apparel
- ☐ Shoes
- ☐ Accessories (e.g. bags, jewelry, scarves)
- ☐ Soft drinks (e.g. Coke, Pepsi and the likes)
- ☐ Make-up & hair products
- ☐ Food items (e.g. coffee, pasta..)
- ☐ Home furnishings
- ☐ I don't think brands are important at all

Other, please specify

\* 9. You as a consumer. Please answer whether you agree or not with the following:

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<b>I like shopping</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I follow trends/fashion</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I wear clothes with visible brand names/logos</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I am willing to pay more for a brand name product</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I make impulse purchases</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I buy expensive brand clothing/shoes/accessories</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I buy expensive brand name electronics</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I make buying decisions based solely on the brand of the product</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I use brands that I feel reflect my current status or lifestyle</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I use brands that reflect the lifestyle and status I would like to have</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<b>I give recommendations about products to my friends/family</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I ask for recommendations about products from my friends/family</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This is the end of this survey.  
Thank You for answering!